

FEDERAL ENERGY MANAGEMENT ADVISORY COMMITTEE

MEETING SUMMARY

JUNE 9, 2004 ~ WASHINGTON, D.C.

INTRODUCTION

The Federal Energy Management Advisory Committee (FEMAC) held a public meeting on June 9, 2004, in Washington, D.C. FEMAC was established by *Executive Order 13123 – Greening the Government through Efficient Energy Management* to provide input to the Secretary of Energy on energy management, including how to improve the use of Energy Savings Performance Contracts, and utility energy efficiency service contracts, improve procurement of ENERGY STAR® and other energy efficient products, improve building design, reduce process energy use, and enhance applications of efficient and renewable energy technologies at Federal facilities.

The Department of Energy's (DOE) Office of Federal Energy Management Programs (FEMP) coordinates the advisory committee; Rick Klimkos, of FEMP serves as FEMAC's Designated Federal Official. The committee is chaired by Brian Henderson, Director of Energy Efficiency Services for the New York State Energy Research and Development Authority. The 13-member advisory committee and one invited participating member represent a cross-section of interests and experience in the energy field.

[Attachment A](#) Meeting Summary

[Attachment B](#) Agenda

[Attachment C](#) Participants

[Attachment D](#) Resolution 04-01

[Attachment E](#) FEMP's Communications Planning Activities – Key Elements

[Attachment F](#) Public Meeting Comments

ATTACHMENT A

MEETING SUMMARY

Opening Comments

- Mr. Henderson welcomed members and meeting participants noting that the FEMAC public meetings provide a forum for obtaining public and private sector input on achieving Federal energy management goals. FEMAC operates according to procedures established by the *Federal Advisory Committee Act (FACA)*.

Mr. Henderson summarized the meeting agenda (Refer to Attachment B):

- Legislative update on FEMP-related issues
- FEMP priorities and areas of concern
- Update from the FEMAC Energy Service Performance Contract (ESPC) Working Group
- Update from the FEMAC Performance and Measurements Working Group
- Update from the FEMAC Communications and Networking Working Group
- Update from the FEMAC Strategic Planning Working Group

FEMP Legislative Update

Schuyler Schell, Acting Director of FEMP provided the following legislative update:

- The authority for Federal agencies to enter into Energy Savings Performance Contracts (ESPCs) expired on October 1, 2003.
- The Super ESPC program is FEMP's major alternative financing program.
- FEMP is waiting for Congress to reinstate ESPC authority to provide temporary or permanent authority through an energy bill or other legislative vehicles (e.g., FY 2005 Defense Authorization bill). The Department is optimistic that ESPC financing will most likely be reauthorized in the future; however, the time frame is uncertain. The process is moving slowly because:

- The program was never “scored” by the Office of Management and Budget (OMB) in terms of cost to the government; this issue must be resolved before reauthorization.
- Pending comprehensive energy legislation, which includes a number of provisions to enhance Federal energy management, is unlikely to pass this year.

In the event that ESPC authority is not reauthorized, FEMP will shift the program focus to other activities including:

- Educating Federal officials about state program opportunities
- Promoting Utility Energy Service Performance Contracts (UESCs)
- Enhancing the awareness and utilization of other energy efficiency programs
- Seeking additional appropriations
- Focusing on Operations and Management (O&M) low cost/no cost approaches to save energy

The President’s FY 2005 Budget Request for FEMP calls for a 9.8 percent reduction from FY 2004. If approved by Congress, FEMP’s program support and participation in state energy programs will be affected.

FEMAC ESPC Working Group

Cyndi Vallina, a FEMAC member and an OMB official provided an update on ESPC Working Group activities.

- The group has been preparing a draft report describing the benefits of using ESPCs to finance Federal energy management projects; the group plans to finalize the report within the next couple of weeks.
- The working group also prepared a draft one-page resolution (*Resolution 04-01*) recommending the reauthorization of ESPCs. The full advisory committee (Refer to Attachment C) approved *Resolution 04-01* at the June 9 public meeting (Refer to Attachment D).
- Chairman Henderson announced his plan to send a letter to the Secretary of Energy commending him for his support of ESPCs along with a copy of the FEMAC approved resolution.

FEMAC Performance and Measurements Working Group

Richard Earl, a FEMAC member and Senior Vice President of Parsons Brinckerhoff briefed members on the Performance Measurements Working Group activities. Mr. Earl expects that FEMP will be asked to provide input into DOE's Office of Energy Efficiency and Renewable Energy (EERE) response to OMB's Performance Measurement Rating Tool (PART) for FY 2006, which agencies are being asked to complete. The purpose of PART is to evaluate the effectiveness of Federal programs. FEMP's input will address the program's effectiveness in meeting Executive Order 13123 energy reduction goals (35 percent by the year 2010 using 1985 as a base year).

The Performance Measurements Working Group agreed to provide FEMP with the following support:

- Provide FEMP with assistance in evaluating the cost effectiveness of various FEMP sub-program elements, including FEMP's Technical Assistance program in order to determine if:
 - FEMP is reaching the appropriate target audiences.
 - FEMP is functioning effectively.
 - FEMP is the best option for achieving maximum results.
- Assist FEMP in quantifying the program's contribution to meeting the Federal energy management reduction goal.

Mr. Schell suggested that the working group might serve as peer reviewers for the program's annual peer review process.

Update on FEMAC's Communications and Networking Working Group

Mary Palomino, a FEMAC member and an employee of the Salt River Project provided a brief summary of the working group's activities to date. The group, which has not met for some time may be asked to provide input to support FEMP's Strategic Communications plan (Refer to Attachment E for a list of key elements on FEMP's Communications Planning Activities). During an open discussion, FEMAC members suggested that the working group consider performing the following tasks:

- Work with the Performance Measurements Working Group and provide assistance as appropriate.
- Provide guidance on the distribution of the ESPC report.
- Promote public participation in the August 9th FEMAC Public Meeting.

- Assist in the promotion of FEMP's Annual Report as an educational tool.
- Educate Federal officials about FEMP's services.

Update on FEMAC's Strategic Planning Working Group

Ms. Vallina provided a brief update on the Strategic Planning Working Group's activities to date.

- Three years ago, the working group prepared a draft Strategic Plan to determine FEMAC goals and priorities.
- The plan is outdated and needs to be revised. Beyond revising the plan, Ms. Vallina said the working group does not require further meetings.

Ms. Vallina recommended that another facilitation session for the working group be conducted to establish current priorities. Since she also chairs the ESPC Working Group, Ms. Vallina asked that another FEMAC member assume the chair of the Strategic Planning working group. Mr. Henderson agreed that the plan needs to be revised and suggested that members consider volunteering to chair the working group.

Closing Comments

Mr. Henderson concluded the public meeting and thanked members for their participation (Refer to Attachment F for public meeting comments). In his closing remarks, he summarized FEMAC priorities:

- Promote the continuation of the good work and progress of the working groups.
- Prepare a draft letter to the Secretary of Energy transmitting the FEMAC resolution.
- Commit FEMAC members to participate in at least one FEMAC working group.
- Encourage FEMAC members to suggest possible areas of expertise that would benefit FEMAC, along with appropriate candidates for possible consideration. FEMAC will have one or two member vacancies in the near future.

- Attend FEMAC's next public meeting which will take place on August 9th in Rochester, New York. The meeting will be held from 6:00 – 7:30 p.m. at the Rochester Riverside Convention Center.
- Prompt members to consider topical themes to address at the August meeting.

ATTACHMENT B***FEDERAL ENERGY MANAGEMENT ADVISORY COMMITTEE*****June 9, 2004 Public Meeting****9:00 a.m. - 12:00 p.m.****AGENDA**

Time	Speakers	Topic
9:00 – 9:30 a.m.	Brian Henderson, Chair, Federal Energy Management Advisory Committee	Opening Remarks Welcome and Introductions
9:30 – 10:00 a.m.	Skye Schell, FEMP Acting Director	Legislative and Budget Update relating to FEMP
10:00 – 10:30 a.m.	Open Discussion/General Public	FEMAC Goals and Objectives; Public Comment
10:30 – 10:45 a.m.	Break	
10:45 – 11:30 a.m.	Brian Henderson Cyndi Vallina, Chair, Energy Savings Performance Contracts and Utility Energy Service Contracts Working Group Dick Earl, Chair, Performance Measurement Working Group Cyndi Vallina, Chair, Strategic Planning Working Group Mary Palomino, Chair, Communications and Networking Working Group	Work plans and schedules for the Working Groups Discussion, public comment, and FEMAC vote on <i>Resolution 04-01</i> Discussion Discussion Discussion
11:30 – 11:45 a.m.	Open Discussion/General Public	Public Comment
11:45 – 12:00 p.m.	Brian Henderson, Chair, Federal Energy Management Advisory Committee	Wrap Up, Energy 2004, and Future Schedule
12:00 p.m.	Meeting adjourned	

ATTACHMENT C

FEDERAL ENERGY MANAGEMENT ADVISORY COMMITTEE

MEMBERS PRESENT

Mr. Brian Henderson, Chair,
*New York State Energy Research and
Development Authority*

Dr. Get Moy,
*Office of the Deputy Under Secretary of
Defense*

Mr. Jared Blum,
*Polyisocyanurate Insulation
Manufacturers Association*

Ms. Mary Palomino,
Salt River Project

Mr. Richard Earl, *PB Facilities, Inc.*

Ms. Cynthia Vallina, *Office of
Management and Budget*

Mr. David Dykes, *Southern Company*

MEMBERS NOT PRESENT

Mr. Terrel Emmons, *Office of the
Architect of the Capitol*

Ms. Anne Marie McShea, *The Center for
Resource Solutions*

Mr. Erbin Keith, *Sempra Energy
Solutions*

Mr. James Rispoli, *Department of
Energy*

Ms. Vivian Loftness, *Carnegie Mellon
University*

Mr. Mitchell Rosen, *Liberty Total
Comfort Systems*

Mr. Richard Hays, *City of San Diego*

DEPARTMENT OF ENERGY OFFICIALS

Rick Klimkos, *Federal Energy Management Program (Federal Designated Official)*

Victor Petrolati, *Federal Energy Management Program*

Schuyler Schell, *Federal Energy Management Program*

ENERGETICS, INC.

Seema Vyas
Mary-Lynn Wrabel

PUBLIC PARTICIPANTS

Linda Perry

ATTACHMENT D

FEDERAL ENERGY MANAGEMENT ADVISORY COMMITTEE *Resolution 04-01*

RECOMMENDATION

Members of the Federal Energy Management Advisory Committee (FEMAC) recommend the immediate and permanent reauthorization of Energy Savings Performance Contracts (ESPCs) to implement energy and water saving projects in Federal facilities.

In addition, FEMAC members strongly support:

- Expanded authority for stand-alone water conservation projects
- Elimination of the statutory requirement to send 50 percent of the savings to the Treasury
- Pilot testing use of ESPCs for non-building applications
- Further enhancements to improve ESPC program effectiveness

ISSUE

As a result of the October 1, 2003, sunset of the ESPC program, both public and private infrastructure for ESPC is in jeopardy. Recent estimates indicate that there are more than \$300 million worth of projects stalled due to the lapse in authority. Each day without ESPC authority puts the Federally mandated energy goals further out of reach, in addition to lost energy savings.

BACKGROUND

ESPCs and Utility Energy Service Contracts (UESCs) are alternative financing tools that Federal agencies use to reduce energy use, modernize aging equipment, reduce maintenance costs, and deploy renewable energy. ESPCs and UESCs make up more than half of the Federal building energy efficiency investment and are essential to the government's ability to achieve the 2005 and 2010 goals.

BENEFITS

ESPCs and UESCs played a vital role in helping the Federal Government meet or exceed energy efficiency goals between 1995 and 2000. The Department of Defense attributes more than 70 percent of its energy savings to the use of ESPCs and UESCs.

- ESPCs help agencies achieve healthier, safer, and more productive working conditions and make progress in meeting Federal energy, water, and emissions-reduction goals.
- ESPCs help the Federal government leverage private sector investment for untapped life cycle cost savings.
- ESPCs increase energy and water efficiency and reduce costs.
- ESPCs address energy security concerns.
- ESPCs help improve employee productivity and health.
- ESPCs help deploy renewables and innovative technologies.

It is the Federal Government's commitment to the economical use of public dollars, protection of the environment, and energy security, making ESPC authority a critical component to a balanced energy management strategy for improved energy efficiency and conservation at Federal facilities.

June 9, 2004

ATTACHMENT E

FEMP'S COMMUNICATIONS PLANNING ACTIVITIES

Key Elements

E.O. 13123 – Greening the Government through Efficient Energy Management encourages Federal agencies to develop outreach programs that include education, training, and promotion of EnergyStar® and other energy-efficient products for Federal purchase card users.

FEMP'S Communications and Outreach Program is one of several key program services and includes the following activities:

- Identifies and works with Federal and Private Sector Stakeholders to foster energy saving projects in Federal facilities.
- Conducts the “You Have the Power” outreach campaign.
- Disseminates information through the use of a variety of communications networks, including the FEMP website, conferences and other events, publications, and electronic messaging.
- Leverages the networks and resources of Federal and non-Federal organizations to promote energy management.
- Participates in non-FEMP sponsored events.
- Establishes partnerships with other Federal agencies, national laboratories, state government entities, and non-governmental organizations.
- Solicits feedback of FEMP communications and outreach activities and program services.

ATTACHMENT F

Public Meeting Comments

FEMAC Comments and Discussion Items

FEMAC members discussed the progress Federal agencies were making in achieving the Executive Order 13123 goals. Members asked FEMP staff if the program monitors energy reduction from the source or site. Mr. Klimkos responded that energy goals are based on energy consumption at the site. In 1991, the Interagency Energy Policy Committee discussed an analysis performed by the Interagency Energy Management Task Force. The analysis evaluated site and source energy to determine the best choice to use for the energy reduction goal. Agency representatives agreed that site energy was the best option to use because agencies could control the energy at their facilities. However, FEMP does track source energy; this information is provided in FEMP's Annual report.

Members asked FEMP whether agencies are penalized for failing to achieve energy reduction goals. Members also asked what initiatives the Federal Government has in place to motivate agencies to achieve energy reduction goals. Mr. Schell said that Federal agencies met the 20 percent energy reduction goal for the year 2000. Mr. Klimkos said that FEMP is not a regulatory agency and therefore does not have the authority to penalize agencies that don't meet the goals. Factors that do motivate agencies to reach energy reduction goals include the following.

- Agencies could be subjected to Congressional inquiries if they fail to achieve energy reduction goals.
- The Office of Management and Budget (OMB) conduct Senior Agency Energy Managers quarterly meetings. At these meetings, energy reduction progress is often discussed and compared among agencies. These meetings are attended by agency representatives at the Deputy Secretary level and peer pressure is a major motivating factor as agencies show their progress for meeting the goals. Also each year agencies are required to prepare and submit an agency energy scorecard showing how well they are doing in meeting their goals. These scorecards are reviewed and given to the President by OMB to show status of Federal agencies fulfilling energy mandates.

Dr. Get Moy, from the Department of Defense (DOD) said during the past few years, agencies have relied heavily on ESPCs to meet energy reduction goals and the absence of ESPCs authority will make it more difficult for agencies to achieve the goals. Mr. Schell added that agencies could benefit from legislation with provisions related to metering; metering facilities can help agencies track

energy use. Dr. Moy said that DOD supports metering and that the agency is developing a metering strategy in absence of a legislative or executive order requirement. The strategy (1) will not include the metering of every facility; (2) will focus on the metering of energy intensive buildings, complexes, and facilities with a high degree of replication; and (3) use metering data to manage DOD's energy reduction program.

Dr. Moy stressed that agencies with a high number of facilities develop metering systems and attend annual FEMP energy conferences. FEMP energy conferences offer an opportunity for DOD and other interested agencies to learn these metering systems. Ms. Palomino supported the metering concept noting that she has worked with school districts to promote metering projects. The program has resulted in significant savings by applying simple monitoring procedures.

Mr. Henderson expressed concern about the ability of agencies to achieve energy goals due to a lack of ESPC authority and increased energy demands from heightened security/international military conflicts, among other issues.

Mr. Klimkos said that agencies may have to start relying more on their procurement of energy-efficient products (e.g. lighting technologies) to assist in energy reduction efforts. Mr. Dykes said that in the past, many agencies have used Utility Energy Service Contracts (UESC) or ESPCs to finance certain technologies; he explained that when old technologies are upgraded with new technologies, savings are hard to quantify and allocate savings between old and new UESC and ESPC projects at the same facility.

Mr. Schell explained that FEMP has discussed analyzing and identifying major trends for energy budgets at agencies. This information is available in FEMP's Annual Report showing agencies budget for appropriations.

Mr. Henderson suggested that FEMAC could work with FEMP to examine opportunities for reducing the electricity demand of federal facilities on the national electric grid system. He said in particular, grid demand requirements in load pocket areas of Chicago, New York, New England, and the Northeast in general could benefit. Mr. Schell said FEMP is currently developing a report that focuses on the national electric grid system for western states.

General Public's Comments

Linda Perry asked FEMAC members if they could clarify the following term used in *Resolution 04-01*:

"Pilot testing use of ESPCs for non-building applications"

Members explained that pilot testing refers to accelerating the installation of energy conservation measures in non-building applications (e.g., mobility projects) through the use of Energy Savings Performance Contracts.

Ms. Perry suggested the following methodologies to promote energy efficiency:

- Develop a coalition for vendors and set up a website for the coalition.
- Provide education on energy programs at schools and universities.
- Increase media coverage on energy issues including press releases, radio, and television advertisements.

No additional public comments were received and Mr. Henderson closed the meeting.